



Louisiana Public Service Commission

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April 9, 2014

VIA EMAIL

To: All Parties of Service List

RE: Docket No. R-26968, Louisiana Public Service Commission, ex parte. In re:
Review of the General Order Dated March 12, 1999 (Pole Attachment Rates)

2014 APR -9 PM 3:40
LA PUBLIC SERVICE COMMISSION

Dear Service List:

Attached, please find a draft copy of a Proposed General Order. Parties are encouraged to file comments in response to this draft of the Proposed General Order on or before Friday, April 25, 2014.

Staff will review all comments upon submission, and we intend to incorporate suggestions from the comments into a final draft that will be circulated to all parties to this Docket sometime in May, along with a call for an additional round of comments in response to that final draft. Staff does not intend to revise the final draft further to incorporate suggestions from the additional round of comments that will be requested in May. Please be assured, though, that any comments that are received in response to the final draft will be forwarded to the Commission for consideration, in conjunction with the final draft itself, at the Commission's June 13, 2014 Business and Executive Session.

On behalf of Staff, I would like to thank you all for your continued participation and interest in this Docket. We look forward to reviewing your comments, but please feel free to call me at (225) 342-9888 if you have any questions or need additional information.

Sincerely,

[Handwritten signature of Steve Kabel]

Steve Kabel
Staff Attorney

Attachment (1)

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

PROPOSED GENERAL ORDER

2014 APR -9 PM 3:10
LA PUBLIC SERVICE
COMMISSION

Docket No. R-26968. Louisiana Public Service Commission, Ex Parte. *In re: Review of the General Order dated March 12, 1999 (Pole Attachments).*

(Decided at the Open Session held June 13, 2014)

A. Background:

Pursuant to the March 12, 1999 General Order,¹ a rate freeze was implemented for pole attachment rental rates. The March 12, 1999 General Order required the Louisiana Public Service Commission's ("LPSC" or "Commission") approved pole rental rates to be reviewed before the rate freeze could be terminated. Notice of this rulemaking was published multiple times by Commission Staff ("Staff") with additional issues included for comments in the subsequent notifications. The final notice was published in the Commission's Official Bulletin on January 25, 2008. On March 8, 2008, Staff issued a draft rule to the service list and requested comments on that rule. Two rounds of comments were submitted in response to this draft rule; the first round was submitted in June 2008, and the second round was submitted in response to a list of additional issues circulated by Staff via letter dated July 21, 2008.

At the Commission's April 26, 2012 Business and Executive Session, the Commission directed Staff to reopen the instant rulemaking proceeding and to allow additional interested parties an opportunity to file notices of intervention. The matter was then republished in the April 27, 2012 edition of the Commission's Official Bulletin. Under the procedural schedule set by the parties at the October 3, 2012 technical conference, consideration of Staff's proposed recommendation was to take place at the Commission's March 2013 Business & Executive Session. However, at the Business & Executive Session held March 20, 2013, Commissioner Skrmetta issued a directive stating that, although Staff's recommendation was due, it should refrain from issuing its recommendation, and instead, coordinate individually with counsel for all parties to establish a period for conducting an additional investigation.²

Staff was charged with taking such steps as reasonably necessary to ascertain relevant information necessary to support the Commission's ultimate rule in this Docket. Two rounds of comments were submitted by the parties. Staff hired consultants in November of 2013. A technical conference was held in December of 2013. As a result of Staff's review of the

¹ *In Re: Review of LPSC Orders U-14325, U-14325-A and General Order dated December 17, 1984 dealing with agreements for Joint Utilization of Poles and Facilities by Two or More Entities.*

² *See Minutes of March 20, 2013 Open Session of the Louisiana Public Service Commission Held in Baton Rouge, Louisiana, 1 (2013), available at http://www.lpsc.louisiana.gov/_docs/_Minutes/3-20-13%20BE%20Minutes.pdf.*

The purpose of the above-referenced docket is to consider various issues concerning the rates, terms and conditions of attachments by communications companies to utility poles, including a review of the Commission's long-standing pole-rate freeze and regulations in this area. I believe that the importance of these issues to users and providers of broadband communications in Louisiana, as well as to providers of electric service has generated a large volume of technical and other data in this rulemaking proceeding. In order to address this large volume of material and in order to compile a complete record to support the Commission's ultimate action in this docket, I direct the Commission Staff to conduct an evidentiary hearing, issue data requests and to take such other steps as may be reasonably necessary to produce a Staff Recommendation and ultimate Commission decision that lawfully serves the public interest of the citizens of the state of Louisiana.

numerous filings made by the parties in this Docket and of the discussions by and amongst the parties at the technical conference held December 10, 2013, the following proposed Order is being circulated by Staff to the intervenors for their review and comments.

B. Jurisdictional Statement:

The Louisiana Constitution, Article IV, Section 21(B), provides:

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

Moreover, 47 U.S.C. Section 224(c) provides that,

[A] State which regulates the rates, terms and conditions of pole attachments shall certify to the [Federal Communications Commission (“FCC”)] that . . . [it] consider[s] the interests of the subscribers of the services offered via such attachments, as well as the interests of the consumers of the utility services.

The State of Louisiana (“State”) was therefore required to issue and make effective rules and regulations implementing the State’s authority over pole attachments before it could be allowed to regulate pole attachments.

The State procedures with respect to pole attachment rental agreements between electric and telephone companies were successfully completed by the LPSC in Docket U-14325 on October 31, 1980. The same procedure was extended to cable television operators in the Commission’s General Order dated December 17, 1984. Because of this authority, the LPSC regulates the rates, terms and conditions of pole attachment agreements between telecommunications providers, electric utilities and cable television carriers.

C. Results of Technical Conference Held December 2013:

The technical conference convened by Staff in this proceeding on December 10, 2013 was held to:

1. Hear the parties’ arguments for whether the rate freeze imposed by the General Order dated March 12, 1999 (“Rate Freeze”) should continue to remain in effect;
2. Have the parties discuss the establishment of a definition of “pole attachment”, including whether that definition should include pedestals, drop poles, any overlying, ground wires and bond wires;
3. Consider the different formulas that were discussed in the parties’ Comments of February 1, 2013 and of March 4, 2013;
4. Provide the parties with a forum to present their arguments for whether attachers should be required to bear any amount of capital costs that do not arise from the make-ready process; and
5. Allow the parties to discuss potential dispute resolution/complaint processes.

Participating in the conference were the following parties: American Electric Power Company and its subsidiary Southwestern Electric Power Company; the Association of Louisiana Electric Cooperatives, Inc.; Entergy Services, Inc., Entergy Louisiana, LLC and Entergy Gulf States Louisiana, L.L.C. (collectively, “Entergy”); the Small Company Committee of the Louisiana Telecommunications Association; BellSouth Telecommunications, LLC d/b/a AT&T Louisiana (“AT&T”); Cleco Power, L.L.C.; Pointe Coupee Electric Membership Corporation; Cox Communications Louisiana, L.L.C.; the Louisiana Cable and Telecommunications Association, Inc.; CenturyTel of Chatham, LLC, CenturyTel of Central Louisiana, LLC, CenturyTel of East Louisiana, LLC, CenturyTel of Evangeline, LLC,

CenturyTel of North Louisiana, LLC, CenturyTel of Northwest Louisiana, Inc., CenturyTel of Ringgold, LLC, CenturyTel of Southeast Louisiana, Inc., and CenturyTel of Southwest Louisiana, LLC; East Ascension Telephone Company, and Lafourche Telephone Company, LLC; Competitive Carriers of the South, Inc.; Lafayette Utilities System; and Dixie Electric Membership Corporation (“DEMCO”).

In addition, numerous parties filed for intervention in the proceeding.³ Comments detailing the positions of the parties were reviewed by Staff, and these positions were discussed at the technical conference held December 10, 2013.

1. Lifting the Rate Freeze:

Staff finds that the rate freeze imposed by the General Order dated March 12, 1999 (“Rate Freeze”) should not continue to remain in effect. At the technical conference held December 10, 2013, parties were observed to be in general agreement that the Rate Freeze could be lifted in order to ensure that pole rental rates are appropriately recovering costs associated with pole attachments. However, if lifting the Rate Freeze would result in significant increases in pole attachment rental rates, Staff finds that a stair-stepping mechanism should be implemented to moderate those significant increases, as deemed prudent by the Commission. Therefore, Staff is recommending that the current Rate Freeze, implemented by the Commission’s General Order of March 12, 1999 should be lifted, and that the Commission should allow pole rental rates to be modified, based on the most recently-available cost data. Notwithstanding anything to the contrary, Staff acknowledges that the Rate Freeze has been and remains in effect until the effective date of this Order, and nothing in this Order is meant to address any pole rentals or pole rental agreements which occurred prior to the effective date of this Order.

2. Definition of a Pole Attachment:

Based on Staff’s review of the Comments filed by intervenors and on the positions expressed at the technical conference held December 10, 2013, Staff finds that the Commission should refrain from requiring parties to adopt a strict pole attachment definition absent the decision of excluding Bond or Ground Wires which attach to poles underground. Staff recommends that the Commission instead continue to encourage Pole Owners and Attachers to define “pole attachment” according to privately-negotiated agreements. Whenever unable to agree, the parties will be able to file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules set forth herein, at which time the Commission may resolve any disagreement utilizing the defined terms found therein.

3. Pole Attachment Rental Rate Formula:

Staff finds that the Commission should adopt a pole attachment rental rate formula based on Pole Owners’ utility pole revenue requirements, and that the Commission should apply its formula to resolve docketed disputes brought before it. Staff recommends that the Commission continue to encourage Pole Owners and Attachers to negotiate recurring rental rates privately. Thus, to the extent they are able, parties are free to agree to the proper allocation and treatment of utility pole capital costs. Whenever unable to agree, parties will be able to file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 10 herein, at which time the Commission may resolve any disagreement utilizing its approved pole attachment rental rate formula, which is based on Pole Owners’ utility pole revenue requirements. Pole Owners’ revenue requirements can be determined from readily-available data sources, such as Federal Energy Regulatory Commission (“FERC”) Form 1 data for regulated investor owned utilities, the United States Department of Agriculture Rural Utilities Service (“RUS”) Uniform System of Accounts (“USoA”) data for not-for-profit utilities, and the USoA established by FCC 47-CFR-P32 for Incumbent local Exchange Carriers (ILECs). Utilizing readily-available data sources that are updated annually facilitates transparency and

³ Comments were submitted by all the parties listed above in response to at least one of the notices of rule-making. All comments were considered in the development of this Order.

consistency in the Commission's application of its pole attachment rental rate formula. As such, Staff is recommending that the Commission approve and implement a pole attachment rental rate formula based on Pole Owners' revenue requirements for resolving docketed disputes brought before it under its Pole Attachment Dispute Resolution Rules.

Staff further finds that the use of two feet of occupied space in the Commission's pole attachment rental rate formula is reasonable. Attachers have argued in favor of modifying the current Commission pole rental rate formula to reflect one foot of occupied space used as opposed to two feet, stating that this change would mirror the current FCC formula rate. However, the Staff finds that the basis for the Commission's original pole rental rate still remains sound. Under most circumstances, the separation space mandated by the National Electric Safety Code for the protection of communications workers is forty inches; this space is not necessary, but for the Attachments. The Commission's formula does not require Attachers to pay for the entire safety space, but only twelve inches of the mandated forty inches. Therefore, the use of two feet of occupied space in the Commission's formula is reasonable and ensures that Attachers pay a fair portion of the costs caused by their Attachments.

In keeping with the theme of reasonableness and ensuring that Attachers pay a fair portion of the costs caused by their Attachments, Staff finds that Attachers should be responsible for paying make-ready costs directly attributable to their applications. Make-ready costs should include only the actual, verifiable costs necessary for a Pole Owner to prepare its utility poles for an Attacher's Attachments. Such make-ready costs can include the costs of materials, labor, engineering, supervision, overhead, and other costs directly attributable to preparing a pole for an Attacher's Attachments. Holding Attachers responsible for paying the actual, verifiable make-ready costs associated with their applications ensures that attachers pay a fair portion of the costs caused by their Attachments. Accordingly, Staff finds that Attachers should be responsible for paying make-ready costs directly attributable to their applications. Disagreements between a Pole Owner and Applicant or Attacher over the actual, verifiable make-ready costs associated with preparing a pole for an Attacher's Attachments can be brought before the Commission under and according to its Pole Attachment Dispute Resolution Rules.

4. Formula Allocation and Treatment of Capital Costs that do not Arise from the Make-Ready Process:

Staff finds that, at this time, capital costs that do not arise from the make-ready process have insufficient impact on the Commission's pole attachment rental rate formula to warrant a modification to that formula. Accordingly, Staff does not take a position at this time as to whether Attachers should be required to bear any portion of utility pole capital costs that do not arise from the make-ready process.

5. Pole Attachment Dispute Resolution Process:

Staff finds that the Commission should adopt a dispute resolution process for resolving disagreements between Pole Owners and Attachers. Many parties suggested that the Commission adopt a procedure for resolving disputes either through alternative dispute resolution means or through a streamlined resolution process. Staff believes that parties who feel aggrieved at any point concerning pole attachment agreements have the option to file a complaint with the Commission. However, the resolution of disputes may be expedited if the Commission were to implement a streamlined complaint process with: (1) a mandatory requirement for settlement discussions prior to the filing of a complaint; (2) an evidentiary hearing before a hearing examiner appointed by the Commission's Executive Secretary; and (3) a final decision to be rendered directly by the Commission. Thus, Staff agrees that implementing streamlined procedures could encourage settlement discussions between the parties and, if a resolution cannot be reached, result in more expeditious Commission decisions. Accordingly, Staff recommends that the Commission adopt rules stating that a party may file a complaint for the purpose of determining the justness and reasonableness of rates, terms or conditions of pole attachment agreements pursuant to the Rules of Practices and Procedures of the Louisiana Public Service Commission, and that timely final action will be taken on any such complaint so filed.

This matter was brought before the Commission at its March 2014 Business and

Executive Session. Based upon the comments received, the Staff proposed new pole attachment rules in the form of a Proposed General Order for the Commissioner's consideration. On motion of Commissioner _____, seconded by Commissioner _____, and unanimously adopted, the Commission voted to _____ the Staff recommendation and to adopt the Proposed Rule that was circulated to the Service List on April 8, 2014.

IT IS THEREFORE ORDERED THAT:

The following pole attachment rules are hereby adopted:

1. Definitions:

- a. Attacher: Any entity that has an attachment on a utility pole to provide a utility, governmental or communications service, including an electric utility, telecommunications service provider (and wireless/CMRS carriers), cable television service provider, or other entity that is otherwise a party to a Pole Agreement with a Pole Owner.
- b. Attachment: The connection of one or multiple of an Attacher's facilities within that Attacher's usable space to a utility pole.
- c. Bonding and Ground Wires: Bonding and Ground wires are those wires primarily connected to the unusable space of a utility pole. Such connections are not to be included in the definition of Attachments for the application of the Commission's pole attachment rental rate formula and no rent or additional rent shall be due or paid for bonding and ground wires. The terms and conditions (but not the rate, for which there shall be none) of connections made to utility poles made outside of the usable space of a utility pole are to be the product of private negotiations between parties.
- d. Boxing: The installation of communications lines on both sides of the same pole at the same height.
- e. Commission: Louisiana Public Service Commission.
- f. Extension Arms: Brackets extending horizontally from the pole used to support the attachment of wires at the same level as existing wires in order to maintain required clearances.
- g. Pole Agreement: An agreement entered into by a Pole Owner and a Pole Attachment Applicant.
- h. Make Ready Costs: The actual costs necessary for a Pole Owner to prepare its utility poles for an Attacher's or Applicant's Attachments.
- i. Pole Attachment Applicant: ("Applicant") An applicant that either has submitted or is in the process of submitting an application for authorization to attach one or more Attachments to a Pole Owner's utility pole or poles.
- j. Pole Owner: An owner of a utility pole, duct, conduit, or right-of-way to which Attachments may be attached.
- k. Overlashing: An Attacher's placement of additional facilities owned by and within the usable space allocated to the Attacher, which shall not be considered an additional Attachment when calculating rental rates under the Commission's pole attachment rental rate formula.
- l. Usable Space: The space above the minimum grade level to the top of the pole, which can be used for the attachment of wires, cables, and associated equipment, including the space occupied by the pole owner; presumed to be the top thirteen-and-one-half (13.5) feet of a pole in the absence of actual measurement or Pole Agreement to the contrary.
- m. Unusable Space: The space on a utility pole below the usable space, including the amount required to set the depth of the pole; presumed to be the bottom twenty-four (24) feet of a pole in the absence of actual measurement or Pole Agreement to the contrary.

2. Pole Attachment Rental Rates:

- a. The “Rate Freeze” enacted by the Commission’s General Order of March 12, 1999 is hereby terminated; however, the pole rental rate formula adopted in LPSC Orders U-14325 and U-14325-A shall remain in place, as modified herein.
- b. Pole Owners shall be allowed to use the most recent revenue requirement accounting data in order to adjust their pole attachment rental rates. Pole Owners who are investor owned electric utilities shall use accounting data reflected in publicly-available filings, such as recent FERC Form 1 filings, in order to adjust pole rental rates. Pole Owners who are electric Co-operatives shall use available data similar to FERC Form 1 filings, such as the RUS USoA, in order to justify adjustments to pole rental rates. Owners who are ILEC’s should use the USoA established by FCC 47-CFR-P32 in order to justify adjustments to pole rental rates.
- c. Pole Owners wishing to modify their pole attachment rental rates, in light of the Commission’s termination of the Rate Freeze enacted by the Commission in the March 12, 1999 General Order must provide an Attacher(s) with a brief summary of the information necessary for the Pole Owner to support the modification of its pole attachment rental rates. This brief summary shall be provided as an attachment to the first billing statement from the Pole Owner to the Attacher(s) reflecting such pole attachment rental rate modifications, and shall include, at a minimum: applicable FERC Form 1, RUS USoA, or USoA established by FCC 47-CFR-P32 filings, the citation for the page from the most recent Commission order establishing the Pole Owner’s approved rate of return, a listing from the Pole Owner’s continuing property records listing the number of utility poles in inventory, and a worksheet detailing how the Pole Owner arrived at its new pole attachment rental rate.
- d. Disputes related to the rates, terms and conditions of Pole Agreements can be brought before the Commission, under and according to the Commission’s Pole Attachment Dispute Resolution Rules, as found in Section 10 herein. Docketed disputes concerning the pole attachment rental rate brought before the Commission will be determined by applying the Commission’s pole attachment rental rate formula to the Pole Owner’s most recent audited data appropriate for determining the attachment rates, as described in Section 2(b) herein. If the Commission determines that the resulting rates are significantly different from existing rates, the Commission can order a multi-year adjustment to achieve the new rate (equal percentage steps of the difference between the new and existing rates).

3. Necessity for Pole Agreements:

- a. To facilitate the joint use of poles, Applicants/Attachers and Pole Owners must execute a Pole Agreement, which will establish the terms and conditions of the pole use.
- b. Parties must negotiate Pole Agreements in good faith.
- c. Standard Pole Agreements will not be required in order to allow the parties greater flexibility for negotiations.
- d. The use of a form Pole Agreement shall not prohibit parties from negotiating alternative Pole Agreements, in good faith, to better accommodate particular facts and/or circumstances relating to a particular Attachment application. Parties are also free to negotiate different time periods for the accomplishment of tasks, other than those set out below; however, the Commission recommends that any alternate time periods be specifically set forth in the Pole Agreement.

- e. Attachments made without obtaining or in violation of a Pole Agreement are subject to a fine as set forth in Section 11 below. Additional fines may be assessed, based on the severity of the violation(s), in accordance with Section 11 below.

4. Standard Processes:

a. Application for attachment:

- i. Within 60 days of the date of this order, jurisdictional Pole Owners shall file with the Commission copies of standard applications that must be completed by pole attachment Applicants prior to attachment. The application shall also be published on the Pole Owners' website. Applicants must submit all information required by Pole Owners before the application can be processed and any subsequent timelines commence.
- ii. Application fees, including a breakdown of those fees, shall be reasonable and posted on the Pole Owner's website.

b. Processing of application for attachment:

- i. For applications of up to 20 poles, the Pole Owner shall provide written and electronic notice to the Applicant within 15 days of the application receipt date confirming receipt and either: (a) approving the application, or (b) alternatively listing any deficiencies with the application, including missing information. If required information is missing, the Pole Owner may suspend processing of the application until the missing information is provided. Once the missing information is provided, the Pole Owner will have 15 days from receipt of missing information to approve or reject the application.
- ii. For applications in excess of 20 poles, but less than 301 poles, the time periods required for the Pole Owner to process the application as provided in (b)(i) above will be 60 days, instead of 15 days.
- iii. The Pole Owner will be required to process the application as provided in (b)(i) above in a reasonable time period for applications in excess of 300 poles.
- iv. If a Pole Owner rejects an application, it must state specific reasons in support of its decision. Applicants may appeal to the Commission if they do not agree with the Pole Owner's decision, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

c. Pre-construction survey:

- i. For pole attachment applications of 20 poles or less, the Pole Owner must perform a pre-construction survey within 45 days of the approval of the application.
- ii. For applications in excess of 20 poles, but less than 301 poles, the Pole Owner must perform a pre-construction survey within 70 days of the approval of the application.
- iii. The Pole Owner will be required to respond in a reasonable time period for applications in excess of 300 poles, but the time period shall not exceed 120 days after the approval of the application.
- iv. If the Pole Owner believes that a pre-construction inspection cannot be performed within the time periods set forth above, it must notify the

Applicant of its determination within the time allotted under Section 3(b) above. Thereafter, the Applicant may select an outside contractor to perform the pre-construction survey. The outside contractor must be selected from a list of contractors that has been pre-approved by the Pole Owner. The Pole Owner will provide a list of pre-approved contractors who are qualified to perform pre-construction surveys within 60 days from the date of this order. The list of pre-approved outside contractors shall also be published on the Pole Owner's website.

- v. Charges for pre-construction surveys shall be reasonable and shall be posted on the Pole Owner's website and, upon request, the Pole Owner must supply Attachers with all work papers supporting the fees. Charges assessed by the pre-approved outside contractors for pre-construction surveys shall be made available to Applicants or interested parties.

d. Estimate of make-ready work charges:

- i. After the pre-construction inspection is completed, the Pole Owner must provide an estimate of any Make-Ready Costs to the Applicant and/or Attacher within:
 - 1. 15 days of completing the survey for applications of 20 poles or less;
 - 2. 30 days for applications of greater than 20 poles, but less than 301 poles; and
 - 3. 45 days for applications in excess of 300 poles.
- ii. Applicants and/or Attachers will have 30 days from the date of receipt of Make-Ready Costs estimates to accept and pay for the make-ready work. Acceptance must be provided to the Pole Owner in writing (e-mail or facsimile may be utilized).
- iii. Upon receipt of payment from Applicants and/or Attachers for the Make-Ready Costs, the Pole Owner must perform work within:
 - 1. 45 days from receipt of payment for applications of 20 poles or less;
 - 2. 70 days from receipt of payment for applications in excess of 20 poles, but less than 301 poles; and
 - 3. 120 days from receipt of payment for applications in excess of 300 poles.
- iv. If the Pole Owner believes that the make-ready work cannot be performed within the time periods set forth above, it must notify the Attacher of its determination at the time the make-ready estimate is provided. Thereafter, the Attacher may select an outside contractor to perform the make-ready work. The outside contractor must be selected from a list of contractors that has been pre-approved by the Pole Owner. The Pole Owner will provide a list of pre-approved contractors who are qualified to perform make-ready work within 60 days from the date of this order. The list of pre-approved outside contractors shall also be published on the Pole Owner's website.
- v. If additional work is required that changes the original estimate of Make-Ready Costs, the changes will be provided to the Applicant for

review. The Applicant will have 5 days from the date of receipt of the changed estimate to decide whether to proceed with the work and provide any additional payment. Applicants may appeal to the Commission if they do not agree with the additional Make-Ready Costs, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

vi. Make-Ready Costs estimates must include, at a minimum, the following information: (1) date of work; (2) description of work; (3) location of work; (4) unit cost or labor cost per hour; (5) costs of itemized materials and (6) any miscellaneous charges. Applicants may appeal to the Commission if they do not agree with the Make-Ready Costs estimates, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

e. Post-construction surveys: Pole Owners may choose to perform post-construction inspections within 30 days after completion of construction and the costs associated with such post construction services shall be considered as part of Make-Ready Costs. If a Pole Owner plans to perform a post-construction inspection, it shall notify the Applicant/Attacher in writing regarding when the survey will be performed to allow the Applicant/Attacher to participate.

5. Rearrangements:

- a. When a rearrangement is required as a result of a new Applicant's request for attachment, existing Attachers shall not pay the costs associated with the rearrangement. Instead, the new pole attachment Applicant shall pay the costs of the rearrangement.
- b. If a rearrangement is required, but is not the result of a particular pole Applicant's request, the cost related to the rearrangement shall be shared equally among the Pole Owner and all Attachers.

6. Boxing:

- a. The determination of whether to employ boxing shall be made on a case-by-case basis and at the reasonable discretion of the Pole Owner, subject to Commission review. Boxing shall only be considered on a pole if, for example, the pole can be safely accessed by ladders, bucket trucks, or emergency equipment, so that worker safety is not compromised. Where a Pole Owner does not permit boxing of facilities, the Pole Owner must identify, in writing, the reasons for the denial. Applicants may appeal to the Commission if they do not agree with the decision of the Pole Owner, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

7. Overlashing:

- a. Any Attacher wishing to overlash facilities must provide a Pole Owner with reasonable notice of its intent to overlash facilities by filing a written request with the Pole Owner identifying what facilities are to be attached and/or overlash, where such facilities will be attached and/or overlash, and when such facilities will be attached and/or overlash.
- b. Where a Pole Owner does not wish to permit the attachment or overlashing of facilities, the Pole Owner must identify, in writing, the reasons for the denial within 15 days of receipt of the Attacher's written request. Applicants/Attachers may appeal to the Commission if they do not agree with the decision of the Pole Owner, under and according to the Commission's Pole Attachment Dispute Resolution Rules.

- c. The Attacher will be required to pay all actual costs associated with its requested overlash. The Pole Owner will file a schedule of the fees/costs associated with overlashing with the Commission's Utilities Division, and such filings may be made under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission.
- d. Consistent with the request requirements of 7(a) above, a party with existing facilities may overlash those facilities for its own use without incurring an additional pole rental charge. Where facilities are overlashed for use by a third party or for use by an affiliate of the attached party, such overlashed facilities will be considered a new and separate attachment, and it will be charged the applicable pole attachment rental rate, unless, prior to overlashing the facilities, the parties agree in writing to a different rate for the overlashed facilities.

8. Establishing a Baseline of Existing Attachments:

- a. In order to provide a common understanding of existing Attachments, a Pole Owner and the Attachers to a pole shall be responsible for agreeing to or arriving at a baseline that establishes the type of, as well as the number of, Attachments that are on an individual pole within three years of the date of this Order. This baseline may be established by one of two methods explained herein below: stipulated agreement or conducting an audit. Parties are encouraged to compare current records before choosing whether to stipulate or to conduct audits.
 - i. Stipulated Agreement: A Pole Owner and Attacher may choose to agree, based on their current records, to a baseline that establishes the type of, as well as the number of, Attachments that are on individual poles.
 - 1. The agreement shall be arrived at within three years of the date of this Order.
 - ii. Audit: In the absence of a Stipulated Agreement or other agreement between a Pole Owner and an Attacher(s), a Pole Owner may engage a qualified, independent third-party to conduct an audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles.
 - 1. The audit shall be completed within three years of the date of this Order.
 - 2. The costs related to performing the audit shall be assessed among existing Attachers, including the Pole Owner.
 - 3. Selection of an Auditor:
 - A. In the event that a Pole Agreement conected prior to the effective date of this Order specifies the selection of an Auditor, the parties must adhere to the contractually agreed upon terms.
 - B. In the absence of the agreement by the parties in a fully-executed Pole Agreement or otherwise, the Pole Owner shall select an auditor ("Pole Owner's Auditor") to conduct an audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles ("Pole Owner's Audit").

within thirty (30) days after receipt of the Pole Owner's proposed audit parameters, submit written notice to the Pole Owner objecting to its audit parameters and expressing the Attacher(s) intent to challenge any and all findings of an audit completed under the Pole Owner's Audit Parameters through filing a complaint under and according to the Commission's Pole Attachment Dispute Resolution Rules.

C. Results of Audits: Pole Owners shall provide the Attacher(s) with a copy of the report or opinion resulting from the Pole Owner's Audit, within thirty (30) days of receipt from the Pole Owner's Auditor.

D. Challenging Audit Results:

i. Attacher(s) may challenge the utilization of the results of Pole Owner's Audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles through the following means:

1. The Attacher(s), within sixty (60) days of its receipt of a copy of the report or opinion resulting from the Pole Owner's Audit, shall provide a Pole Owner with written notice expressing the Attacher(s) objection to and intent to challenge the utilization of the Pole Owner's Audit to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles through filing a complaint under and according to the Commission's Pole Attachment Dispute Resolution Rules.

2. The Attacher(s) shall engage a qualified, independent third-party ("Attacher(s) Auditor") to conduct a separate audit to determine a baseline identifying what, as well as the number of, Attachments that are on individual poles ("Attacher(s) Audit").

3. The Attacher shall present the results of its separate audit and attempt to reach a resolution with the Pole Owner on establishing the baseline.

4. If the Pole Owner and the Attacher cannot reach a resolution then the Attacher shall file the findings of both the Pole Owner's Audit and the Attacher(s) Audit, as well as a brief detailing the Attacher(s) reasons for challenging the results of a Pole Owner's Audit and supporting the results of the Attacher(s) Audit with the Commission under and according to the

Commission's Pole Attachment Dispute Resolution Rules.

ii. If, through application of the Commission's Pole Attachment Dispute Resolution Rules, the Commission determines that:

1. The results of the Pole Owner's Audit were neither unjust nor unreasonable, the findings of the Pole Owner's Audit shall be utilized to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles, and the Attacher(s) who challenged the Pole Owner's Audit shall be responsible for paying the fees costs associated with the Attacher(s) Audit.
2. The results of the Pole Owner's Audit were unjust and unreasonable, the findings of the Attacher(s) Audit shall be utilized to determine a baseline identifying the type of, as well as the number of, Attachments that are on individual poles, and the Pole Owner shall be responsible for paying the fees and costs associated with the Attacher(s) Audit.

b. Once the base line is established by either agreement or by an audit, unauthorized Attachments found pursuant to a subsequent audit or inventory may be subject to a penalty at a rate of three times the pole rental rate per attachment dating back to the most recently-established baseline.

9. Safety Inspections and Inventories:

- a. At its reasonable discretion, a Pole Owner may undertake a formal safety inspection and inventory of its utility poles.
- b. A Pole Owner may only seek direct recovery of each Attacher's allocable portion of the direct, actual costs of the formal safety inspection and inventory, provided that the Attacher(s) are allowed to participate in the processes of contractor selection, inspection planning, and the design and implementation processes of the formal safety inspection and inventory. Pole Owner and Attacher(s) shall agree upon a method for allocation of the survey costs.
- c. If any inspection or audit reveals that an Attacher's Attachments are not in compliance with industry-accepted safety standards mutually agreed to by the Pole Owner and Attacher(s), the Pole Owner and Attacher(s) shall work together to determine the cause of the non-compliance. Attacher(s) determined by the mutual agreement of Pole Owner and Attacher(s) to have caused a non-compliant condition, shall be responsible for the direct, actual costs necessary to make all appropriate corrections. Such corrections shall be made pursuant to procedures and a schedule that the Pole Owner and Attacher(s) mutually agree to, with the most serious violations being corrected first.
- d. In the event of a discrepancy or dispute between the parties with respect to the

results of an attachment safety inspection the parties shall first attempt to resolve such discrepancy or dispute in good faith. Whenever unable to agree, parties will be able to file a complaint with the Commission, under and according to its Pole Attachment Dispute Resolution Rules found in Section 10 herein.

10. Pole Attachment Dispute Resolution Rules:

a. Dispute Resolution Process:

- i. The Commission encourages Pole Owners and Attachers (“Party” or “Parties”) to resolve disputes through private negotiation prior to filing a complaint with the Commission. In keeping with this stated policy objective, and as detailed in Paragraph 10(b)(viii) of the Form of Complaint section contained herein, when an entity files a complaint with the Commission, the complaining Party must certify that settlement discussions have either taken place between the Applicant/Attacher and the Pole Owner, and that settlement negotiations have concluded without resolution, or that the complaining Party attempted to initiate negotiations and the defendant refused to participate, either by affirmative refusal or by unwillingness/inability to conduct negotiations within a reasonable time.
- ii. When a complaint is filed, the proposed attachment and any related work or processing will be suspended until after the complaint has been resolved either by a formal or an informal settlement agreement or by a final order of the Commission.
- iii. The defendant shall be deemed a Party to the proceeding without the filing of a formal intervention pleading.
- iv. Filed complaints will be docketed and assigned to Commission Staff. Commission Staff will be responsible for reviewing filed complaints to ensure their compliance with the Form of Complaints requirements contained in Section 10(b) herein within 30 days of receipt of a complaint.
 1. Complaints in compliance with the Form of Complaints requirements contained in Section 10(b) herein will proceed to a Staff investigation to be docketed and published in the next practicable edition of the Commission’s Official Bulletin. The notice in the Commission’s Official Bulletin will specify an intervention period of 15 days.
 2. Complaints not in compliance with the Form of Complaints requirements contained in Section 10(b) herein will be returned to the complaining Party, along with a list of issues and reasons for why the complaint was deficient.
 - A. The complaining Party shall then have fifteen (15) days to correct any deficiencies and file an amended complaint with the Commission.
 - B. If an amended complaint is not filed with the Commission within fifteen (15) days, or if it does not address all of the deficiencies identified by Staff, then the complaint may be dismissed without prejudice.

Staff will perform an investigation on complaints filed in compliance with the Form of Complaints requirements contained in Section 10(b) herein

and render a Staff Opinion on the matter. If either Party disagrees with the Staff Opinion, the matter shall proceed on an expedited basis to a hearing, to be held before a hearing examiner, at the soonest practicable opportunity. At the hearing, the hearing examiner shall utilize the Commission's pole attachment rules and pole attachment rental rate formula to evaluate the merits of the complaint. The hearing examiner shall be appointed by the Executive Secretary of the Commission.

- v. The hearing examiner shall prepare a record of the proceedings and a recommendation, and place the matter on the next available Commission Business and Executive Session Agenda for a final determination.
- vi. A hearing for a docketed complaint may, upon written request by the Parties, be held in abeyance so that additional settlement discussions can be conducted between the parties with the aid of the Commission Staff.
- vii. To the extent that any provisions of this process conflict with Rule 6 of the Commission's Rules of Practice and Procedure, the provisions of this Order shall govern for purposes of the resolution of pole attachment complaints/disputes.

b. Form of Complaints:

- i. The complaint shall contain the name and address of the complainant, name and address of the respondent, and shall contain verification, signed by the complainant or officer thereof if complainant is a corporation, showing complainant's direct interest in the matter complained of. Counsel for the complainant may sign the complaint. Complainants may join together to file a joint complaint. Complaints filed by associations shall specifically identify each utility, cable television system operator, telecommunications carrier, or other LPSC-jurisdictional entity who is a Party to the complaint, as well as any LPSC-jurisdictional affiliates of the parties to the complaint, and shall be accompanied by a document from each identified member certifying that the complaint is being filed on its behalf.
- ii. The complaint shall be accompanied by a certification of service on the named respondent, including a sworn statement by the initiating Party (through counsel or an official representative) that a copy of this rule and copies of the complaint, supporting testimony and exhibits have been served by certified mail on the opposing Party. United States Post Office certificates evidencing proof of certified mail service shall be filed with the Commission upon receipt.
- iii. The complaint shall be accompanied by a copy of the Pole Agreement, if any, between the Pole Owner and Applicant/Attacher. Such Pole Agreements may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission. If there is no present Pole Agreement, the complaint shall contain:
 - 1. A statement that the Pole Owner uses or controls poles in whole or in part; and
 - 2. A statement that the Applicant/Attacher currently has or has applied to place attachments on the Pole Owner's poles.

- iv. The complaint shall state with specificity the pole attachment rate, term or condition which is claimed to be unjust or unreasonable.
 1. If necessary, the complaint may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission to protect highly sensitive/proprietary materials.
- v. If a complaint is thus filed under seal, a public, redacted version of the complaint must be filed concurrently.
- vi. Where it is claimed that either a rate is unjust or unreasonable, or a term or condition is unjust or unreasonable and examination of such term or condition requires review of the associated rate, term or condition, the complaint shall include as an attachment sworn testimony providing evidence, including data and information, supporting the allegations contained in the complaint. The data and information shall include, where applicable:
 1. The gross investment by the Pole Owner for pole lines;
 2. The investment in crossarms and other items which do not reflect the cost of owning and maintaining poles, if available;
 3. The depreciation reserve from the gross pole line investment (if unavailable, depreciation may be estimated using company-wide ratios);
 4. The depreciation reserve from the investment in crossarms and other items which do not reflect the cost of owning and maintaining poles, if available; if unavailable, an allocation factor of 85% is used to net crossarm costs from the cost of a pole (labeled bare cost of the pole);
 5. The total number of poles:
 - A. Owned; and
 - B. Controlled or used by the Pole Owner. If any of these poles are jointly owned, the complaint shall specify the number of such jointly owned poles and the percentage of each joint pole or the number of equivalent poles owned by the subject Pole Owner;
 6. The total number of poles which are the subject of the complaint;
 7. The number of poles that are controlled or used by the Pole Owner through lease between the Pole Owner and other owner(s), and the annual amounts paid by the Pole Owner for such rental;
 8. The number of poles that are owned by the Pole Owner and that are leased to other users by the Pole Owner;
 9. The annual carrying charges attributable to the cost of owning a pole, if identifiable, which may be filed under seal in accordance with Rule 12.1 of the Rules of Practices and Procedures of the Louisiana Public Service Commission. The

Pole Owner shall submit these charges separately for each of the following categories: Depreciation, rate of return, taxes, maintenance, and administrative. These charges may be expressed as a percentage of the net pole investment. With its complaint or responsive pleading, the Pole Owner shall file a copy of the latest decision of the state regulatory body or state court that determines the treatment of accumulated deferred income taxes ("ADIT") if it is at issue in the proceeding and shall note the section that specifically determines the treatment and amount of ADIT;

10. The rate of return authorized for the Pole Owner for investor owned utilities, or the cost of debt for not-for-profit Pole Owners or the ILECs;

A. With its pleading, an investor owned utility Pole Owner shall file a copy of the latest decision of the Louisiana Public Service Commission that establishes this authorized rate of return if the rate of return is at issue in the proceeding and shall note the section which specifically establishes this authorized rate and whether the decision is subject to further proceedings before the Louisiana Public Service Commission or a court;

11. The average amount of usable space per pole for those poles used for pole attachments (a 13.5 foot presumption may be used in lieu of actual measurement, but the presumption may be rebutted);

12. Reimbursements received from Attachers for non-recurring costs.

vii. Data and information should be based upon historical or original cost methodology, insofar as possible. Data should be derived from FERC Form 1 data, RUS USoA data, the Uniform System of Accounts established by FCC 47-CFR-P32 or other reports filed with state or federal regulatory agencies (identify source). Calculations made in connection with these figures must be provided to the complainant. The complainant shall also specify any other information and argument relied upon to attempt to establish that a rate, term, or condition is not just and reasonable.

viii. If any of the information and data required in this section is not provided to the Applicant/Attacher by the Pole Owner upon reasonable request, the Applicant/Attacher shall include a statement indicating the steps taken to obtain the information from the Pole Owner, including the dates of all requests. No complaint filed by an Applicant/Attacher shall be dismissed where the Pole Owner has failed to provide the information required under the paragraphs of this section, as applicable, after such reasonable request. A Pole Owner must supply an Applicant/Attacher the information required in the paragraph of this section, as applicable, along with the supporting pages from its FERC Form 1, RUS USoA, or other report to a regulatory body, within 15 days of the request by the Applicant/Attacher. The Applicant/Attacher, in turn, shall submit these pages with its complaint. If the Pole Owner did not supply these pages to the Applicant/Attacher in response to the information request, the Pole Owner shall supply this information in its response to the complaint.

- ix. The complaint shall include a certification that the complainant has, in good faith, engaged or attempted to engage in executive-level discussions with the respondent to resolve the pole attachment dispute. Executive-level discussions are discussions among representatives of the parties who have sufficient authority to make binding decisions on behalf of the company they represent regarding the subject matter of the discussions. Such certification shall include a statement that, prior to the filing of the complaint, the complainant mailed a certified letter to the respondent outlining the allegations that form the basis of the complaint, that the complainant anticipated filing it with the Commission, inviting a response within a reasonable period of time, and offering to hold executive-level discussions regarding the dispute.
- x. Factual allegations shall be supported by affidavit of a person or persons with actual knowledge of the facts, and exhibits shall be verified by the person who prepares them.
- xi. In a case where an Applicant/Attacher claims that it has been denied access to a pole or right-of-way, the complaint shall include the data and information necessary to support the claim, including:
 - 1. The reasons given for the denial of access to the Pole Owner's poles or rights-of-way;
 - 2. The basis for the complainant's claim that the denial of access is unlawful;
 - 3. The remedy sought by the complainant;
 - 4. A copy of the written request to the Pole Owner for access to its poles or rights-of-way; and
 - 5. A copy of the Pole Owner's response to the written request including all information given by the Pole Owner to support its denial of access. A complaint alleging unlawful denial of access will not be dismissed if the complainant is unable to obtain a Pole Owner's written response, or if the Pole Owner denies the complainant any other information needed to establish a prima facie case.

c. Application of this Order:

- i. The Pole Attachment Dispute Resolution Process created by Section 10 of this Order shall apply prospectively to complaints filed with the Commission following the effective date of this Order.
- ii. Complaints initiated with the LPSC prior to the effective date of this Order shall not be adjudicated pursuant to the Pole Attachment Dispute Resolution Process created by Section 10 of this Order, unless: (1) the parties to such a dispute mutually consent, by affirmative motion, to a conversion of the ongoing proceedings to a proceeding governed by the Pole Attachment Dispute Resolution Process; and (2) the Administrative Law Judge presiding over said ongoing dispute affirmatively authorizes the conversion.

11. Pole Attachment Rental Rate Formula:

- a. The revenue requirement for pole attachments in Louisiana is designed to use available data – (1) FERC Form 1 data for investor owned utilities, (2) the

RUS USoA for not-for-profit Electrical Cooperatives or (3) FCC 47 CFR ch1. Part 32 (2009), Uniform System of Accounts for Telecommunication Companies (Incumbent Local Exchange Carriers (“ILECs”). Most accounts are updated annually. For non-profit cooperative and municipal utilities, the RUS USoA uses virtually identical definitions and accounting indexes. Though similar, revenue requirements for non-profits do not include income taxes or have ADIT and the overall return on capital is solely based on debt financing. There are two significant data elements that are not generally available through FERC Form 1; (1) the number of distribution poles (necessary for the calculation of per pole costs) and (2) the return on equity set by the Commission.

- b. The USoA for ILECs has a different numbering system for accounts than FERC or RUS. However, there is approximate correspondence between FERC accounts and FCC Part 32 accounts that are necessary to calculate pole attachment rental rates formula. These accounts are detailed in the subsequent example calculations (Attachments A – C) on pole rates for ILECs.
- c. The pole attachment rate of Louisiana follows this standard revenue requirement procedure. There are five basic steps. An attachment rate is calculated in examples for (1) an investor owned electric utility (Attachment A), (2) a non-profit electric cooperative (Attachment B), and (3) an Incumbent Local Exchange Carrier (ILEC – Attachment C). These examples are for illustration only – numbers are not representative of any actual utility nor should they be construed as suggesting an appropriate attachment rate. For calculations, all decimals are rounded to four places. There are five basic formula components⁴:

1. Net value in pole inventory = Gross pole investment – acc. dep. – ADIT;
2. Net cost per bare pole = (Net Value in pole inventory/number of poles) × 0.85;
3. Annual carrying charge = administration + maintenance + depreciation + tax.
 - a. Administration charge = A&G ÷ net plant;
 - b. Maintenance charge = overhead maintenance expense ÷ net overhead investment;
 - c. Depreciation charge = pole depreciation rate × ratio of (gross plant value ÷ net plant value);
 - d. Tax charge = total of federal and state income taxes ÷ net plant value⁵; and
 - e. Sum of individual charges = annual carrying charge.
4. Annual cost per pole = net cost per bare pole × annual carrying charges;
5. Attachment rate = annual cost per pole × useful space allocation (%).

Examples of how to apply this formula are detailed in Attachments A, B, and C below.

12. Violations:

- a. No provision herein shall prohibit the Commission’s ability to fine a party that

⁴ The major difference between profit and non-profit is that non-profits do not include ADIT or taxes. The return on capital is also generally lower.

⁵ Not relevant for non-profits.

is found to be in willful and knowing violation of this Order.

- b. Reasonable fines may be assessed, not in excess of \$10,000.00 per willful and knowing violation.

BY ORDER OF THE COMMISSION

BATON ROUGE, LOUISIANA

DISTRICT I
CHAIRMAN ERIC F. SKRMETTA

DISTRICT IV
VICE CHAIRMAN CLYDE C. HOLLOWAY

DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

SECRETARY
EVE KAHAO GONZALEZ

DISTRICT II
COMMISSIONER SCOTT A. ANGELLE

Attachment A- Investor Owned Electric Utility

1. Retrieve relevant plant and distribution data from the Pole Owner's FERC Form 1 data:

- a. Gross plant investment: sum of accounts 101-107, 114;
- b. Accumulated plant depreciation: sum of accounts 108, 110, 111, 115;
- c. Accumulated deferred income taxes (ADIT): sum of accounts 190, 281- 283;
- d. Pole investment: account 364;
- e. Total A&G expenses: sum of accounts 920- 931, 935;
- f. Current and deferred taxes: sum of accounts 408.1, 410.1, 411.4 and net of 411.1;
- g. Overhead line investment: sum of 364, 365, 369;
- h. Distribution investment: sum of accounts 360- 374; and
- i. Maintenance of overhead lines: account 593.

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (FERC Form 1 account 364 – distribution) net of accumulated depreciation (depreciation reserve) and ADIT associated with poles for a net pole value (rate base⁶ per pole). Accumulated depreciation and ADIT are allocated to poles using companywide allocation factors as follows:

- a. Accumulated depreciation for the pole inventory is estimated using an allocation factor based on accumulated depreciation for total plant divided by gross plant investment (the sum of accounts 101- 107, 114). ADIT for the pole inventory is also calculated using an allocation factor of plant ADIT (accounts 190, 281, 282, 283) divided by gross plant. For example, assume the following:

- i. Gross plant (the sum of accounts 101- 107, 114): \$1,500,000,000;
- ii. Plant depreciation reserve (sum of accounts 108, 110, 111 115): \$500,000,000;
- iii. Plant ADIT: \$205,500,000;
- iv. Net plant: $\$1,500,000,000 - \$500,000,000 - \$205,500,000 = \$794,500,000$;
- v. Gross pole investment (Account 341): \$8,000,000;
- vi. Depreciation reserve allocation factor: $(\$500,000,000 \div \$1,500,000,000) = 0.3333$;
- vii. Pole inventory accumulated depreciation: $\$8,000,000 \times 0.3333 = \$2,666,400$;
- viii. ADIT allocation factor: $\$205,500,000 \div \$1,500,000,000 = 0.1370$;
- ix. Pole ADIT: $\$8,000,000 \times 0.1370 = \$1,096,000$; and
- x. Net value of pole inventory: $\$8,000,000 - \$2,666,400 - \$1,096,000 = \$4,237,600$.

- b. The net value of the pole inventory is then reduced to per pole basis by dividing by the number of distribution poles.⁷ The net value is also adjusted by a 0.85 factor to reflect cost of cross-members.

⁶ A reduced version of rate base is used by the FCC (gross investment – accumulated depreciation – ADIT). Other common elements of rate base, such as working cash capital, are not included.

⁷ Note that the exact number of distribution poles is data that is not contained in FERC Form 1.

- i. Number of poles: 15,000
 - ii. Net value per pole: $\$4,237,600 \div 15,000 = \282.51
 - iii. Net value per bare pole: $\$282.51 \times 0.85 = \240.13
3. Determine carrying charges per pole: The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net plant investment to conform to the bare cost of pole (net investment per pole).
- a. Administration charge: the administration charge percent is calculated on a plant basis (administration costs (sum of accounts 920 – 931, 935) divided by net plant).
 - i. Plant administration expenses: \$45,000,000;
 - ii. Net plant: \$794,500,000;
 - iii. Administration carrying charge: $\$45,000,000 \div \$794,500,000 = 0.0566$.
 - b. Maintenance charge: The maintenance charge is more specifically estimated using maintenance cost for overhead distribution facilities divided by the overhead distribution net investment. Accounts 364, 365 and 369 represent gross investment in the “overhead” distribution system. This amount is reduced by accumulated depreciation⁸ and ADIT (using plant-wide allocation factors) for net value. The maintenance for overhead distribution (account 593) is divided by this net value for the maintenance carrying charge.
 - i. Investment overhead lines: \$19,000,000;
 - ii. Depreciation plus ADIT factors: $(0.3333 + 0.1370) = 0.4703$;
 - iii. Net overhead investment: $\$19,000,000 \times (1 - 0.4703) = \$10,064,300$;
 - iv. Overhead line maintenance: \$500,000;
 - v. Maintenance carrying charge: $\$500,000 \div \$10,064,300 = 0.0497$.
 - c. Depreciation charge: Depreciation is calculated with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in poles.
 - i. Pole depreciation rate: 0.037;
 - ii. Gross pole investment: \$8,000,000;
 - iii. Net pole investment: \$4,237,600;
 - iv. Gross to net depreciation adjustment: $\$8,000,000 \div \$4,237,600 = 1.888$;
 - v. Depreciation carrying charge: $0.037 \times 1.888 = 0.0699$.
 - d. Tax charge: The tax charge is similarly calculated by applying a plant-wide tax ratio of income taxes (sum of accounts 408.1, 409.1, 410.1, 411.4, net of 411.1) to net plant investment.
 - i. Total current and deferred income taxes (federal and state): \$58,000,000;

⁸ The accumulated depreciation for overhead distribution can be more precisely estimated using the percentage total distribution reserve divided by gross distribution investment (available in FERC Form 1). The FCC uses a plant wide percentage.

- ii. Net plant investment: \$794,500,000;
- iii. Tax carrying charge: $\$58,000,000 \div \$794,500,000 = 0.0730$.

e. Return on investment: This is often referred to as “after tax the cost of capital.” An element of the cost of capital is the Commission’s approved rate of return on equity (also not available in FERC Form 1). Return should be the after tax cost of capital (equity).

- i. For purposes of this example, assume that the cost of capital (rate of return) is 10%.

f. Sum of all carrying charges:

i. Administration charge:	0.0566
ii. Maintenance charge:	0.0497
iii. Depreciation charge:	0.0699
iv. Tax charge:	0.0730
v. Rate of return:	<u>0.1000</u>
vi. Total carrying charges:	0.3492

g. All carrying charges (specified as percent of net investment in poles) are then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

- i. Net cost per bare pole: \$240.13
- ii. Total carrying charge: 0.3492
- iii. Annual cost of pole: $\$240.13 \times 0.3492 = \83.85

4. Attachment allocation factor and maximum rate: Currently, Louisiana cable Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

- i. Space occupied: 2.0 ft.
- ii. Total usable space: 13.5 ft.
- iii. Allocation factor: $2 \div 13.5 = 0.1481$
- iv. Annual cost per pole: \$83.85
- v. Annual attachment rate: $\$83.85 \times 0.1481 = \12.42

Exhibit A Table1: Louisiana Pole Attachment Formula and Calculation for IOU Public Utilities
 Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

Data Source	Ferc Form 1 Input Data				Amount
	Page	Line	Column	USoA	
1 Gross Plant	110	4	c	101 - 106, 114, 107	1,500,000,000
2 Plant Dpreciation Reserve	110	6	c	108,110,111,115	500,000,000
<u>3 Plant Net Deferred Operating Income Taxes (ADIT)</u>					
4	234	8	c	190	150,000,000
5	272	8	k	281	10,000,000
6	274	2	k	282	15,000,000
7	276	9	k	283	30,500,000
8 subtotal					205,500,000
9 Plant Administration Expenses	323	197	b	920-931, 935	45,000,000
<u>10 Total Current and Deferred Taxes</u>					
11	113	14		408.1	12,000,000
12	113	15		409.1	50,000,000
13	113	17		410.1	3,000,000
14	113	19		411.4	500,000
15	113	18		411.1	7,500,000
16 net of Sum(408.1, 409.1,410.1,411.4) - 411.1					58,000,000
<u>17 Overhead Distribution Investment</u>					
18 Poles, Towers and Fictures	206	64	g	364	8,000,000
19 Overhead Conductors and Devises	206	65	g	365	5,000,000
20 Services	206	69	g	369	6,000,000
21 subtotal					19,000,000
<u>22 Total Distribution</u>					
23 Gross Invetsment (distribution)	206	75	g	360 -374	250,000,000
24 Depreciation Reserve (distribution)	219	26	c	NA 1/	100,000,000
25 Overhead Distribution Maintenance	322	149	b	593	500,000
<u>Net Cost of Pole</u>					
26 Gross Plant Investment				reference Line #s	\$ 1,500,000,000
27 Depreciation Reserve				1	\$ 500,000,000
28 Plant Net Deferred Operating Income Taxes (ADIT)				2	\$ 205,500,000
29 Net Plant				8	\$ 794,500,000
				L26 -127 -128	
30 Gross Pole Investment				18	\$ 8,000,000
31 Depreciation reserveve allocation factor					0.333
32 Pole Inventory Depreciation Reserve					\$ 2,666,667
33 ADIT Allocation Factor					0.137
34 Pole ADIT					\$ 1,096,000
35 Net Value of Pole Inventory					\$ 4,237,333
36 Number of Poles				NA /1	15,000
37 Net Value per Pole				L35/L36	\$ 282.49
38 Net Value Per Bare Pole (85%)				0.85 * L37	\$ 240.12

1/ The number of Poles is not available from FERC Accounts

Exhibit A Table 1: Louisiana Pole Attachment Formula and Calculation for IOU Public Utilities (continued)

	reference line #s	
Carrying Charges		
Administrative Charge		
36 Plant Administration Expenses	9	\$ 45,000,000
37 Net Plant	29	\$ 794,500,000
38 Administration carrying Charge	L36/L37	0.0566
Maintenance Charge		
39 Investment in Overhead Distribution	21	\$ 19,000,000
40 Depreciation plus ADIT allocation Factors	L31 + L33	0.4703
41 Net Overhead Investment	L39 * (1-L40)	\$ 10,064,300
42 Overhead Distribution Maintenance	25	\$ 500,000
43 Maintenance Carrying Charge	L42/L41	0.0497
Depreciation Charge		
40 Depreciation Rate		0.037
41 Gross Pole Investment	18	\$ 8,000,000
42 Net Pole Investment	35	\$ 4,237,333
43 Gross to net adjustment	L41/L40	1.888
44 Depreciation Carrying Charge	L43 * L40	0.0699
Taxes		
45 Total Current and Deferred Taxes	16	\$ 58,000,000
46 Net Plant Investment	29	\$ 794,500,000
47 Tax Carrying Charge rate	L45/L46	0.0730
48 Return on Investment		10%
Sum of all Carrying Charges		
49 Administrative Charge	38	0.0566
50 Maintenance Charge	43	0.0497
51 Depreciation Charge	44	0.0699
52 Tax Charge	47	0.0730
53 Return on Investment	48	0.1000
54 Total Carrying Charges	L48+L49+L50+L51+L52	0.3492
Annual Cost of Pole		
55 Net Cost of Bare Pole (L11)	38	\$ 240.12
56 Total Carrying Charges	54	0.3492
57 Annual Cost of Pole	L55 * L56	\$ 83.85
Maximum Rate		
57 Space Occupied		2.00
58 Total Usuable Space		13.50
59 Percentage use of Usuable Space	L57/L58	14.81%
60 Annual Cost of Pole	57	\$ 83.85
61 Maximum Rate per attachment	L59 * L60	\$ 12.42

Attachment B: Non-Profit Electric Cooperative

It should be noted that while investor owned electric utilities are mandated to file FERC Form 1 and are subject to audit, municipally owned electric utilities and non-profit electric cooperatives have no such requirements unless they are applying for federal loans and grants. Municipal and Cooperative Utilities are generally governed by the RUS accounting procedure. As noted, the RUS USoA is virtually identical in account definitions to the USoA used in the FERC Form 1. With the exception of taxes and ADIT, municipal and cooperative utilities have a similar template for estimating revenue requirements for Attachers.

1. Retrieve relevant plant and distribution data from the Pole Owner's RUS USoA:
 - a. Gross plant investment: sum of accounts 101-107, 114;
 - b. Accumulated plant depreciation: sum of accounts 108, 110, 111, 115;
 - c. Pole investment: account 364;
 - d. Total A&G expenses: sum of accounts 920- 931, 935;
 - e. Overhead line investment: sum of 364, 365, 369;
 - f. Distribution investment: sum of accounts 360-374; and
 - g. Maintenance of overhead lines: account 593.

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (RUS account 364 – distribution), net of accumulated depreciation (depreciation reserve) associated with poles for a net pole value. Accumulated depreciation is allocated to poles using companywide allocation factors as follows:
 - a. Accumulated depreciation for the pole inventory is estimated using an allocation factor based on accumulated depreciation for the utility divided by gross plant investment (the sum of accounts 101-107, 114). For example, assume the following:
 - i. Gross plant (the sum of accounts 101-107, 114): \$1,500,000,000;
 - ii. Plant depreciation reserve (sum of accounts 108, 110, 111 115): \$500,000,000;
 - iii. Net plant: $\$1,500,000,000 - \$500,000,000 = \$1,000,000,000$;
 - iv. Gross pole investment (account 341): \$8,000,000;
 - v. Depreciation reserve allocation factor: $(\$500,000,000 \div \$1,500,000,000) = 0.3333$;
 - vi. Pole inventory accumulated depreciation: $\$8,000,000 \times 0.3333 = \$2,666,400$;
 - vii. Net Value of pole Inventory $(8,000,000 - 2,666,400) = \$5,333,600$.

 - b. The net value for pole inventory is then reduced to a per pole basis by dividing by the number of distribution poles.⁹ The rate base is also adjusted by a 0.85 factor to reflect cost of cross-members:
 - i. Number of poles: 15,000;
 - ii. Net value per pole: $\$5,333,600 \div 15,000 = \355.57 ;
 - iii. Net value per bare pole: $\$355.57 \times 0.85 = \302.23 .

⁹ Note that the exact number of distribution poles is not contained in RUS USoA data.

3. Carrying charges per pole. The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net value to conform to the bare cost of pole (net value or cost per pole).

a. Administration charge: the Administration charge percent is calculated on a plant basis (administration costs (sum of accounts 920 – 931, 935) divided by net plant).

- i. Plant administration expenses: \$45,000,000;
- ii. Net plant: \$1,000,000,000;
- iii. Administration carrying charge: $\$45,000,000 \div \$1,000,000,000 = 0.045$.

b. Maintenance charge: The maintenance charge is more specifically estimated using maintenance cost for overhead distribution facilities divided by the overhead distribution rate base. Accounts 364, 365 and 369 represent gross investment in the “overhead” distribution system. This amount is reduced by accumulated depreciation (using plant-wide allocation factors) for net overhead investment. The maintenance for overhead distribution (account 593) is divided by this net.

- i. Investment overhead lines: \$19,000,000;
- ii. Depreciation: 0.3333;
- iii. Net overhead investment: $\$19,000,000 \times (1 - 0.3333) = \$12,667,300$;
- iv. Overhead line maintenance: \$500,000;
- v. Maintenance carrying charge: $\$500,000 \div \$12,667,300 = 0.0395$.

c. Depreciation Charge: Depreciation is calculated starting with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in pole.

- i. Pole depreciation rate: 0.037;
- ii. Gross pole investment: \$8,000,000;
- iii. Net pole investment: \$5,333,600;
- iv. Gross to net depreciation adjustment: $\$8,000,000 \div \$5,333,600 = 1.4999$;
- v. Depreciation carrying charge: $0.037 \times 1.4999 = 0.0555$.

d. Return on investment: For non-profits, return should be the cost of capital (debt).

- i. For purposes of this example, assume that the cost of capital for a non-profit (cost of debt) is 5%.

e. Sum of all carrying charges:

- i. Administration charge: 0.0450
- ii. Maintenance charge: 0.0395
- iii. Depreciation charge: 0.0555
- iv. Rate of return: 0.0500
- v. Total carrying charge: 0.1900

f. Total carrying charge (specified as percent of net investment in poles) is then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

- i. Net cost per bare pole: \$302.23;
- ii. Total carrying charge: 0.1900;
- iii. Annual cost of pole: $\$302.24 \times 0.1900 = \57.42 .

4. Attachment allocation factor and maximum rate: Currently, Louisiana cable Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

- i. Space occupied: 2.0 ft,
- ii. Total usable space: 13.5,
- iii. Allocation factor: $2 \div 13.5 = 0.1481$,
- iv. Annual cost per pole: \$57.42,
- v. Annual attachment rate: $\$57.42 \times 0.1481 = \8.50

Exhibit B Table1: Louisiana Pole Attachment Formula and Calculation for non-profit Public Utilities
 Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

<u>Data Source</u>	RUS Uniform System of Accounts USoA	Amount
1 Gross Plant	101 - 106, 114, 107	1,500,000,000
2 Plant Depreciation Reserve	108,110,111,115	500,000,000
3 Plant Administration Expenses	920-931, 935	45,000,000
 <u>Overhead Distribution Investment</u>		
4 Poles, Towers and Fictives	364	8,000,000
5 Overhead Conductors and Devices	365	5,000,000
6 Services	369	6,000,000
7 subtotal		19,000,000
 <u>Total Distribution</u>		
8 Gross Investment (distribution)	360-374	250,000,000
9 Depreciation Reserve (distribution)	NA 1/	100,000,000
10 Overhead Distribution Maintenance	593	500,000
 <u>Net Cost of Pole</u>		
11 Gross Plant Investment	<u>reference Line #s</u> 1	\$ 1,500,000,000
12 Depreciation Reserve	2	\$ 500,000,000
13 Net Plant	L11 - L12	\$ 1,000,000,000
14 Gross Pole Investment	4	\$ 8,000,000
15 Depreciation reserve allocation factor		0.3333
16 Pole Inventory Depreciation Reserve		\$ 2,666,400
17 Net Value of Pole Inventory		\$ 5,333,600
18 Number of Poles	NA /1	15,000
19 Net Value per Pole	L17/L18	\$ 355.57
20 Net Value Per Bare Pole (85%)	0.85 * L19	\$ 302.23

1/ This data is kept separately by the utility

Exhibit B Table1: Louisiana Pole Attachment Formula and Calculation for non-profit Public Utilities (continued)

	<u>reference Line #s</u>	
Carrying Charges		
Administrative Charge		
21 Plant Administration Expenses	3	\$ 45,000,000
22 Net Plant	13	\$ 1,000,000,000
23 Administration carrying Charge	L21/L22	0.0450
Maintenance Charge		
24 Investment in Overhead Distribution	7	\$ 19,000,000
25 Depreciation allocation Factor	15	0.3333
26 Net Overhead Investment	L24 * (1-L25)	\$ 12,667,300
27 Overhead Distribution Maintenance	10	\$ 500,000
28 Maintenance Carrying Charge	L27/L24	0.0395
Depreciation Charge		
29 Depreciation Rate		0.037
30 Gross Pole Investment	4	\$ 8,000,000
31 Net Pole Investment	17	\$ 5,333,600
32 Gross to net adjustment	L30/L31	1.500
33 Depreciation Carrying Charge	L32 * L29	0.0555
34 Return on Investment		5%
Sum of all Carrying Charges		
35 Administrative Charge	23	0.0450
36 Maintenance Charge	28	0.0395
37 Depreciation Charge	33	0.0555
38 Return on Investment	34	0.0500
39 Total Carrying Charges	L35+L36+L37+L38	0.1900
Annual Cost of Pole		
40 Net Cost of Bare Pole (L11)	20	\$ 302.23
41 Total Carrying Charges	39	0.1900
42 Annual Cost of Pole	L40 * L41	\$ 57.42
Maximum Rate		
42 Space Occupied		2.00
43 Total Usuable Space		13.50
44 Percentage use of Usuable Space	L42/L43	14.81%
45 Annual Cost of Pole	42	\$ 57.42
46 Maximum Rate per attachment	L44 * L45	\$ 8.50

Attachment C: Incumbent Local Exchange Carriers

1. Retrieve relevant plant and distribution data from the Pole Owner's FCC Part 32 Uniform System of Accounts data:
 - a. Gross plant investment: account 32.2001;
 - b. Accumulated plant depreciation: account 32.3100;
 - c. Current and non-current deferred income taxes ("DIT"): sum of accounts 32.411 and 32.4340;
 - d. Pole investment: account 32.2411;
 - e. Total A&G expenses: account 32.6720;
 - f. Current and deferred taxes: sum of accounts 32.7220 and 32.7230; and
 - g. Maintenance of poles expense: account 32.6411.

2. Determine the net cost per bare pole: The estimate starts with gross investment in poles (32.2411) net of accumulated depreciation for poles and DIT (deferred current and non-current income taxes) associated with poles for a net pole value (rate base per pole). Accumulated depreciation and DIT are allocated to poles using companywide allocation factors as follows:
 - a. Accumulated depreciation for the pole inventory can be directly entered from account 3124.11 or if unavailable estimated using an allocation factor based on accumulated depreciation for total plant divided by gross plant investment (accounts 32.2001 and 32.3100). DIT for the pole inventory is also calculated using an allocation factor of plant DIT (accounts 32.4100 plus 32.4340) divided by gross plant. For example, assume the following:
 - i. Gross plant (account 32.2100): \$5,000,000;
 - ii. Plant depreciation reserve (account 32.3100): \$2,000,000;
 - iii. Plant DIT: 300,000;
 - iv. Net plant: $\$5,000,000 - \$2,000,000 - \$300,000 = \$2,700,000$;
 - v. Gross pole investment (32.2411): \$1,000,000;
 - vi. Depreciation reserve allocation factor: $\$2,000,000 \div \$5,000,000 = 0.4000$;
 - vii. Pole inventory accumulated depreciation: $\$1,000,000 \times 0.4000 = \$400,000$;
 - viii. DIT allocation factor: $\$300,000 \div \$5,000,000 = 0.0600$;
 - ix. Pole DIT: $\$1,000,000 \times 0.0600 = \$60,000$;
 - x. Net value of pole inventory: $(\$1,000,000 - \$400,000 - \$60,000) = \$540,000$.
 - b. The net value of the pole inventory is then reduced to per pole basis by dividing by the number of distribution poles.¹⁰ The net value is also adjusted by a 0.85 factor to reflect cost of cross-members.
 - i. Number of poles: 1,500;
 - ii. Net value per pole: $\$540,000 \div 1,500 = \360.00 ;
 - iii. Net value per bare pole: $\$360.00 \times 0.85 = \306.00 .

¹⁰ Note that the exact number of distribution poles is not contained in FCC Part 32 USoA data.

3. Determine carrying charges per pole: The carrying charges represent the other elements of the revenue requirements. Carrying charges are calculated as a percentage of net plant investment to conform to the bare cost of pole (net investment per pole).
 - a. Administration charge: the administration charge percent is calculated on a plant basis (administration costs divided by net plant).
 - i. Plant administration expenses (account 32.6720): \$80,000;
 - ii. Net plant: \$2,700,000;
 - iii. Administration carrying charge: $\$80,000 \div \$2,700,000 = 0.0296$.
 - b. Maintenance charge: The maintenance for pole expenses (account 32.6411) is divided by net value of pole inventory for the maintenance carrying charge.
 - i. Net investment in pole inventory: \$540,000;
 - ii. Pole maintenance (account 32.6411): \$60,000;
 - iii. Maintenance carrying charge: $\$60,000 \div \$540,000 = 0.1111$.
 - c. Depreciation charge: Depreciation is calculated with a depreciation rate for poles of 0.037 (useful life 27 years). This rate is adjusted by the ratio of gross pole investment divided by net investment in poles.
 - i. Pole depreciation rate: 0.037;
 - ii. Gross pole investment: \$1,000,000;
 - iii. Net pole investment: \$540,000;
 - iv. Gross to net depreciation adjustment: $\$1,000,000 \div 540,000 = 1.8516$;
 - v. Depreciation Carrying Charge: $0.037 \times 1.8516 = 0.0685$.
 - d. Tax charge: The tax charge is similarly calculated by applying a plant-wide tax ratio of income taxes to net plant investment.
 - i. Total current and deferred income taxes (accounts 32.7220 plus 32.7230): \$20,000;
 - ii. Net plant investment: \$2,700,000;
 - iii. Tax carrying charge: $\$20,000 \div \$2,700,000 = 0.0074$.
 - e. Return on investment: This is often referred to as “after tax the cost of capital.” An element of the cost of capital is the Commission’s approved rate of return on equity. Return should be the after tax cost of capital (equity).
 - i. For purposes of this example, assume that the cost of capital (rate of return) is 10%.
 - f. Sum of all carrying charges:
 - i. Administration charge: 0.0296
 - ii. Maintenance charge: 0.1111

- iii. Depreciation charge: 0.0685
- iv. Tax charge: 0.0074
- v. Rate of return: 0.1000
- vi. Total carrying charges: 0.3166

g. All carrying charges (specified as percent of net investment in poles) are then multiplied by the net cost per pole to derive the annual cost (revenue requirement) per pole.

- i. Net cost per bare pole: \$306.00;
- ii. Total carrying charge: 0.3166;
- iii. Annual cost of pole: $\$306.00 \times 0.3166 = \96.88 .

4. Attachment allocation factor and maximum rate: Currently, Louisiana Attachers pay based on a percentage use of available space on the pole, according to the following formula:

$$\text{Maximum Rate} = \frac{\text{Space Occupied by Attachment}}{\text{Total Usable Space}} \times \text{Annual Cost of Pole}$$

where

- i. Space occupied: 2.0 ft;
- ii. Total usable space: 13.5 ft;
- iii. Allocation factor: $2.0 \div 13.5 = 0.1481$;
- iv. Annual cost per pole: \$96.88;
- v. Annual attachment rate: $\$96.88 \times 0.1481 = \14.35 .

Exhibit C Table 1: Louisiana Pole Attachment Formula and Calculation for ILECs
 Numbers are for Illustration Purposes Only and Do not reflect actual Revenue Requirements

<u>Data Source</u>	<u>Account 32</u>	<u>Amount</u>
1 Gross Plant	USoA 2001	\$ 5,000,000
2 Plant Depreciation Reserve	3,100	\$ 2,000,000
3 <u>Plant Net Deferred Operating Income Taxes (ADIT)</u>		
4	4100	\$ 200,000
5	4340	\$ 100,000
6 subtotal		\$ 300,000
7 Plant Administration Expenses	6,720	\$ 80,000
8 <u>Current State and Federal Taxes</u>		
	7220	\$ 10,000
	7230	\$ 10,000
9 sum of taxes		\$ 20,000
10 Pole Maintenance	6411	\$ 60,000
11 <u>Pole Investment</u>	2411	\$ 1,000,000
	<u>reference line #s</u>	
12 Gross Plant Investment	1	\$ 5,000,000
13 Depreciation Reserve	2	\$ 2,000,000
14 Plant Net Deferred Operating Income Taxes (ADIT)	8	\$ 300,000
15 Net Plant	L12-L13-L14	\$ 2,700,000
<u>Net Cost of Pole</u>		
16 Gross Pole Investment	11	\$ 1,000,000
17 Depreciation reserve allocation factor	L13/L12	0.400
18 Pole Inventory Depreciation Reserve	L16 * L17	\$ 400,000
19 ADIT Allocation Factor	L14/L12	0.060
20 Pole ADIT	L19 * L16	\$ 60,000
21 Net Value of Pole Inventory		\$ 540,000
22 Number of Poles	utility	1,500
23 Net Value per Pole	L21/L22	\$ 360.00
24 Net Value Per Bare Pole (85%)	0.85 * L23	\$ 306.00

Exhibit C Table1: Louisiana Pole Attachment Formula and Calculation for ILECs (continued)

	<u>reference Line #s</u>		
Carrying Charges			
Administrative Charge			
25 Plant Administration Expenses	7	\$	80,000
26 Net Plant	15	\$	2,700,000
27 Administration carrying Charge	L25/L26		0.0296
Maintenance Charge			
28 Gross Pole Investment	16	\$	1,000,000
29 Depreciation plus ADIT allocation Factors	L17 + L19		0.4600
30 Net Pole Investment	L28 * (1-L29)	\$	540,000
31 Pole Maintenance	10	\$	60,000
32 Maintenance Carrying Charge	L31/L30		0.1111
Depreciation Charge			
33 Depreciation Rate			0.037
34 Gross Pole Investment	11	\$	1,000,000
35 Net Pole Investment	21	\$	540,000
36 Gross to net adjustment	L34/L35		1.852
37 Depreciation Carrying Charge	L33 * L36		0.0685
Taxes			
38 Total Current and Deferred Taxes	9	\$	20,000
39 Net Plant Investment	15	\$	2,700,000
40 Tax Carrying Change rate	L38/L39		0.0074
41 Return on Investment			10%
Sum of all Carrying Charges			
41 Administrative Charge	27		0.0296
42 Maintenance Charge	32		0.1111
43 Depreciation Charge	37		0.0685
44 Tax Charge	40		0.0074
45 Return on Investment	41		0.1000
46 Total Carrying Charges	L27+L28+L29+L30+L31		0.3166
Annual Cost of Pole			
47 Net Cost of Bare Pole (L11)	24	\$	306.00
48 Total Carrying Charges	46		0.3166
49 Annual Cost of Pole	L47 * L48	\$	96.88
Maximum Rate			
49 Space Occupied			2.00
50 Total Usuable Space			13.50
51 Percentage use of Usuable Space	L49/(50		14.81%
52 Annual Cost of Pole	49	\$	96.88
53 Maximum Rate per attachment	L51 * L52	\$	14.35

Service List for R-26968
as of 4/9/2014

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